

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

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FM AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: VIEWS ON PETROLEUM REVERSION

REF: CARACAS 3301

1. LEWIS A. RAMSEY, PRESIDENT OF MENE GRANDE (GULF) CALLED APRIL 17 TO REPORT THE RESULTS OF HIS MEETING WITH MINISTER OF MINES AND HYDROCARBONS VALENTIN HERNANDEZ (REFTEL ERRONEOUSLY REPORTED THAT MEETING WAS WITH PRESIDENT PEREZ).

2. RAMSEY SAID THAT MEETING WITH MINISTER HERNANDEZ WAS QUOTE MOST CORDIAL UNQUOTE AND THAT HE WAS ENCOURAGED BY THE NUMBER OF REFERENCES THAT MINISTER MADE TO FUTURE OF OIL COMPANIES IN VENEZUELA. RAMSEY SAID HE BEGAN THE MEETING BY REVIEWING WHAT MENE GRANDE THOUGHT MIGHT BE VENEZUELAN GOVERNMENT'S ASPIRATIONS REGARDING REVERSION (PARA 3 REFTTEL) AND THEN WENT ON TO DESCRIBE COMPANY'S ASPIRATIONS. RAMSEY TOLD MINISTER THAT HE HOPED THAT NEW PETROLEUM ARRANGEMENTS DEVELOPED THIS YEAR WOULD:

(A) KEEP OIL COMPANY ORGANIZATIONS INTACT THEREBY PROVIDING CONTINUED EMPLOYMENT FOR PERSONNEL;

(B) DESCRIBE THE NEW OWNERSHIP ARRANGEMENTS IN ANY WAY THAT IS LIMITED OFFICIAL USE

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POLITICALLY ACCEPTABLE;

(C) PROVIDE FOR CONTINUED ACCESS OF COMPANIES TO PETROLEUM;
(D) PROVIDE RECOMPENSE FOR VALUE OF ASSETS AND FUTURE COMPANY EFFORTS;
(E) PORIVIDE STABILITY TO MAKE IT POSSIBLE FOR COMPANIES TO AMORTIZE ANY NEW INVESTMENTS THAT TAKE PLACE UNDER NEW ARRANGEMENTS. COMPANIES WOULD ALSO NEED SOME FORM OF VETO OVER EXCESSIVE FUTURE INVESTMENTS THAT THEY MIGHT BE CALLED UPON TO MAKE, RAMSEY SAID.

3. RAMSEY ALSO GAVE MINISTER A LIST OF BENEFITS GULF IS NOW PREPARED TO PROVIDE TO VENEZUELA. GULF WILL MOVE A SECTION OF ITS RESEARCH OPERATION TO VENEZUELA AND TRAIN VENEZUELAN TO DO PETROLEUM RESEARCH. GULF WILL ALSO SET UP A TRADING COMPANY WHICH WILL PROCURE FOR VENEZUELA VARIOUS IMPORTED ITEMS THAT MAY BE IN SHORT SUPPLY ON WORLD MARKETS. IF VENEZUELA WISHES TO PROCEED WITH A TAR BELT DEVELOPMENT PROJECT, GULF IS ALSO WILLING TO ASSIST IN THAT EFFORT.

4. MINSTER HERNANDEZ TOLD RAMSEY THAT LATTER SEEMED TO HAVE A GOOD APPRECIATION OF GOVERNMENT ASPIRATIONS RE PETROLEUM REVERSION. MINISTER EXPRESSED UNDERSTANDING OF COMPANY'S ASPIRATIONS BUT WAS NONCOMMITAL ON DEGREE THESE MIGHT MESH WITH GOVERNMENT PLANS. PERHAPS MOST FAVORABLE ASPECT OF MINISTER'S COMMENTS WAS ALLUSION TO FUTURE OF COMPANIES IN VENEZUELA. HE REPORTEDLY SAID THAT OIL COMPANIES ARE QUOTE WISE TO CONTINUE ON SAME BASIS IN COUNTRY, BECAUSE VENEZUELA OFFERS POLITICAL STABILITY AND IS A NEARBY SOURCE AND A SECURE SOURCE AND HAS ADDITIONAL RESERVES TO BE DEVELOPED IN FUTURE UNQUOTE: MINISTER SAID HE WOULD ALSO BE DISCUSSING THESE MATTERS WITH CREOLE AND SHELL AND GETTING THEIR VIEWS ON REVERSION.
MCCLINTOCK

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